

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6558

BILL NUMBER: SB 112

NOTE PREPARED: Jan 20, 2011

BILL AMENDED: Jan 20, 2011

SUBJECT: Alcoholic Beverage Wholesalers.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a person to wholesale beer, wine, and liquor. (Current law allows a person to wholesale only wine and beer or wine and liquor.) It allows a wine wholesaler that also holds a liquor wholesaler's permit to sell more than 1,000,000 gallons of flavored malt beverage during a calendar year. It also makes it unlawful for a primary source of supply to cancel or terminate an agreement or contract between a beer wholesaler and a primary source of supply for the purpose of transferring an existing brand of beer or flavored malt beverage or a territory for an existing brand of beer or flavored malt beverage to the holder of a liquor wholesaler's permit. It repeals a provision that prohibits the Alcohol and Tobacco Commission from issuing a beer wholesaler's permit to a person who holds both a wine wholesaler's permit and a liquor wholesaler's permit.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC):* This bill may increase administrative costs for the ATC. The bill will require the ATC to amend rules related to the permits affected by the bill. It is anticipated that the provisions of this bill could be implemented through the use of existing staff and resources.

Explanation of State Revenues: *Permit Fees:* This bill could increase permit fee revenues deposited in the state General Fund and the Enforcement and Administration Fund (EAF). Under current statute a person can wholesale only wine and beer or wine and liquor. This bill strikes that provision, allowing a person to wholesale beer, wine, and liquor. The amount of the increase in fee revenue is indeterminable and will depend on the number of permits that are issued. The annual fee for a beer wholesaler and liquor wholesaler permit is \$2,000 each; 66% of the revenues are deposited in the state General Fund, and 34% of the revenues are deposited in the EAF.

Impact on Alcohol Sales: To the extent that any of the provisions of this bill affect alcoholic beverage sales, state revenues will be impacted. Sales changes will affect collections of both alcoholic beverage excise taxes and the Sales Tax.

The alcoholic beverage excise taxes are distributed in varying amounts to the following funds: state General Fund, the Post War Construction Fund, the Enforcement and Administration Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund. The state retains 50% of the General Fund distribution of beer and wine excise tax revenue. The remainder is distributed to cities and towns based on population.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

(Revised) *Penalty Provision:* This bill provides that it is unlawful for a primary source of supply to cancel or terminate an agreement between a beer wholesaler and a primary source of supply for the purpose of transferring a product or a territory for a product to a liquor wholesaler permit holder. This would be a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: (Revised) *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Impact on Alcohol Sales:* To the extent that revenue from alcoholic beverage excise taxes increase revenues going into the General Fund, revenues to cities and towns would increase.

(Revised) *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: ATC.

Local Agencies Affected: Cities and towns. Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Diana Agidi, 317-232-9867.